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Chapter No. 437
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HOUSE BILL NO. 1349

Originated in House Don Richardson Clerk

HOUSE BILL NO. 1349

AN ACT TO ESTABLISH THE "MISSISSIPPI SCHOOL DISTRICT EMERGENCY BRIDGE LOAN ACT" FOR THE PURPOSE OF ASSISTING SCHOOL DISTRICTS THAT SUFFER REVENUE LOSSES AS A RESULT OF AN ECONOMIC DOWNTURN THAT SUBSTANTIALLY IMPACTS THE STATE AND LOCAL REVENUES AVAILABLE TO SCHOOL DISTRICTS; TO PROVIDE THAT THE PROGRAM SHALL BE ADMINISTERED BY THE STATE DEPARTMENT OF EDUCATION; TO CREATE THE MISSISSIPPI SCHOOL DISTRICT EMERGENCY BRIDGE LOAN FUND; TO ESTABLISH THE MAXIMUM AMOUNT OF ANY LOAN FROM THE FUND; TO PROVIDE THAT A SCHOOL DISTRICT THAT RECEIVES A LOAN FROM THE FUND SHALL PLEDGE FOR REPAYMENT OF THE LOAN ANY PART OF THE HOMESTEAD EXEMPTION ANNUAL TAX LOSS REIMBURSEMENT TO WHICH IT MAY BE ENTITLED; TO GRANT TO THE STATE DEPARTMENT OF EDUCATION CERTAIN POWERS AND DUTIES WITH REGARD TO THIS ACT; TO AUTHORIZE THE STATE BOND COMMISSION TO DECLARE THE NECESSITY FOR GENERAL FUNDS TO FUND THE LOANS UNDER THIS PROGRAM; TO AUTHORIZE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO MAKE TRANSFERS FROM THE GENERAL FUND TO THE LOAN FUND FOR THE PURPOSE OF FUNDING THE LOANS UNDER THIS PROGRAM; TO AUTHORIZE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO ISSUE WARRANTS TO MAKE LOANS UNDER THIS PROGRAM; TO PROVIDE FOR THE DISPOSITION OF ANY UNNEEDED STATE FUNDS IN THE LOAN FUND; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. (1) This section shall be known and may be cited as the "Mississippi School District Emergency Bridge Loan Act."

(2) (a) There is established a bridge loan program to be administered by the State Department of Education for the purpose of assisting local school districts that suffer revenue losses as a result of an economic downturn that substantially impacts the state and local revenues available to school districts. Loan proceeds distributed to school districts shall be specifically for school district operations identified as essential by the department.

(b) It is the intent of the Legislature that the department endeavor to ensure that the costs of the administration of this section are as low as possible.

(3) (a) There is created a special fund in the State Treasury to be designated as the "Mississippi School District Emergency Bridge Loan Fund," referred to in this section as the "fund." The fund shall consist of money designated for deposit in the fund from any source including, but not limited to, appropriations, bond proceeds, grants, gifts, donations or funds from any source, public or private. The fund shall be credited with all repayments of principal and interest derived from loans made from the fund. Unexpended amounts remaining in the fund at the end of a fiscal year shall not lapse into the State General Fund, and any interest earned on amounts in the fund shall be deposited to the credit of the State General Fund. Monies in the fund may not be used or expended for any purpose except as authorized under this section.

(b) The department shall establish a loan program by which loans may be made available to school districts to assist those school districts. Any school district that demonstrates for the current fiscal year a projected revenue loss equal to or exceeding one-third ($1/3$) of its revenues in the preceding fiscal year may qualify for a loan. The interest rate on loans made under this section may vary from time to time and from loan to loan and shall be at or below market interest rates as determined by the department. The department shall act as quickly as is practicable and prudent in deciding on any loan request that it receives.

(c) The aggregate amount of any loans received under this section by a school district shall not exceed one hundred percent (100%) of the difference between the revenue received by the school district to fund essential operations in the preceding fiscal year and the estimated revenue from those sources in the current fiscal year plus sixteenth section principal funds that may be expended under law, cash reserves or fund balances at the fiscal year end, as determined by the department. The State Board

of Education shall set the maximum amount of any loan made under this section at an amount that will ensure the equitable distribution of the amounts available for loans to the eligible school districts.

(d) A school district that receives a loan from the fund shall pledge for repayment of the loan any part of the homestead exemption annual tax loss reimbursement to which it may be entitled under Section 27-33-77, as may be required by the department. Each recipient of a loan shall establish a dedicated source of revenue for repayment of the loan. Before any school district shall receive a loan, it must execute with the department a loan agreement evidencing the loan, a copy of which must be filed by the department with the State Tax Commission. The loan agreement may not be construed to prohibit any recipient from prepaying any part or all of the funds received. The repayment schedule in each loan agreement shall provide for: (i) monthly payments; (ii) semiannual payments; or (iii) other periodic payments. The loan agreement shall provide for the repayment of all funds received from the fund within not more than ten (10) years. At the request of the department, the State Tax Commission shall withhold semiannually from the amount to be remitted to a school district the sum necessary to pay all or a portion of the periodic payments for the loan.

(e) A school district that receives a loan from the state which is not eligible to pledge for repayment of the loan under paragraph (d) of this subsection shall repay the loan by making payments each month to the State Treasurer through the Department of Finance and Administration for and on behalf of the department according to Section 7-7-15, to be credited to the fund in lieu of pledging homestead exemption annual tax loss reimbursement.

Loan repayments shall be according to a repayment schedule contained in each loan agreement as required under paragraph (d) of this subsection.

(f) Evidences of indebtedness that are issued under this act may not be deemed indebtedness within the meaning specified in Section 37-59-5.

(g) The State Auditor, upon the request of the department, shall audit the receipts and expenditures of a school district if loan repayments appear to be in arrears. If the Auditor finds that the school district is in arrears in the repayments, the Auditor immediately shall notify the State Superintendent of Public Education, who may take any action necessary to enforce the terms of the loan agreement. The superintendent, in his discretion, may notify the State Tax Commission to withhold all future payments to the school district of homestead exemption annual tax loss reimbursements under Section 27-33-77 until such time that the school district is again current in its loan repayments, as certified by the department.

(h) All monies deposited in the fund may be used only for providing the loans authorized under this section. In addition, any amounts in the fund may be used to defray the reasonable costs of administering the fund. The department is authorized to use amounts available to it from the fund to contract for those facilities and staff needed to administer and provide routine management for the funds and loan program.

(4) In administering this section, the State Department of Education shall have the following powers and duties:

(a) To supervise the use of all funds made available under this section;

(b) To promulgate rules and regulations and to establish procedures in accordance with this section for the implementation of the loan program;

(c) To requisition monies in the fund and distribute those monies in accordance with this section;

(d) To maintain, in accordance with generally accepted government accounting standards, an accurate record of all monies in the fund made available to school districts under this section; and

(e) To file annually with the Legislature a report detailing how monies in the fund were spent during the preceding fiscal year in each school district.

(5) The State Bond Commission, at one time or from time to time, may declare the necessity for general funds for the purposes provided in this section, including the costs incident to the administration of the loan program. Upon approval by the State Bond Commission, the Department of Finance and Administration may transfer the necessary amount from the General Fund to the fund in ample time to discharge such loans and incidental costs.

(6) The Department of Finance and Administration, without further process of law, may certify the necessity for warrants and issue those warrants in such amounts as may be necessary to make loans under the program authorized by this section.

(7) After any state funds in the fund are no longer needed for the particular purpose for which they were appropriated, deposited or transferred into the fund, the Department of Finance and Administration shall transfer those state funds back to the particular fund or funds in the State Treasury from which they were appropriated or transferred into the fund, upon certification of the State Superintendent of Public Education that the state funds currently are not needed.

SECTION 2. This act shall take effect and be in force from and after its passage.

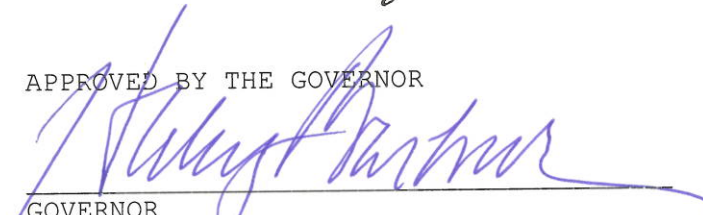
PASSED BY THE HOUSE OF REPRESENTATIVES
February 11, 2010


SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE
March 8, 2010


PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR


GOVERNOR

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